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For import/export decision-makers

Importers urged to fight Chinese 'surcharges'

BY **Alan Peat**

SA importers from China have hit back at the punishing extra charges on their imports as kickbacks to the Chinese groupage operators are cunningly inserted in the final freight cost under a number of creative titles.

"It has led to serious unhappiness among importers using groupage services, especially from the Far East," said Mike Walwyn, director of Seaboard and director of the SA Association of Freight Forwarders, "and comes up at every Saaff board meeting.

"The basic problem is with importers who purchase goods on a CFR or CIF basis," he told FTW. "Their supplier is sold what looks like a fantastically cheap freight rate by a groupage operator in the country of origin.

"But, when the cargo arrives here, the importer is charged stratospheric prices to get his cargo released. When this is queried with the local agent of that operator, the common refrain is that they have to remit a major proportion of the money back to the overseas principal, to cover the actual freight cost, which was, of course, far higher than what was sold to the exporter."

The problem with this, according to Walwyn, is that apart from the possibility of abuse, all freight on a CFR or CIF shipment should form part of the purchase price. Secondly, the full freight amount paid should be shown to Customs, so that the value for Customs purposes can be assessed on an FOB basis. That might change when the new Customs Acts were promulgated, he added, but for the moment it's a legal requirement.

The operators concerned have come up with a variety of creative ways of extracting money from importers.

"We see 'China surcharges', 'foreign exchange fluctuation fees' (where no foreign currency is involved), grossly inflated unpack and cargo dues charges and many other similar 'laundry list' items," said Walwyn. "The effect is that the importer ends up paying more than he would have if he'd shipped the goods as FCL cargo, even when the parcel size is relatively small."

Indeed, in two particular cases Walwyn looked at, even airfreight would have been cheaper.

He also highlighted the possibility of abuse.

"I'm dealing with a current case where the local operator is charging the importer storage at the rate of R120 per cubic metre per day," he said, "when we know that the depot concerned is only charging the operator R2.20 per day. This resulted in a storage bill of R61 000 on a cargo that is only valued at R100 000. And the real cost to the operator was around R1 200!"

The real message to importers is to buy FOB or ex-works, according to Walwyn, and establish the costs up front. "Otherwise,"

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Mondli Gungubele.

Photo: Ekurhuleni Metropolitan Municipality

Full steam ahead for Ekurhuleni's aerotropolis dream

Ekurhuleni's Executive Mayor, Councillor Mondli Gungubele, says the Gauteng region's proposed aerotropolis will target several development areas, including job creation. Addressing over 700 delegates at the Airport Cities World Conference and Exhibition, he said Ekurhuleni was perfectly positioned as an airport city as it was home to major national and global brands, the region offered the largest rail shunting

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Chinese ‘surcharges’

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he said, “it’s a bit like playing the lotto – except in this case there’s only one winner.”

And one thing he does insist that the importer should do when faced with these extra charges is – “argue like mad”.

“Threaten them, and make their life uncomfortable. If you do that there’s a fair chance that attempts to impose these extra charges will be nipped in the bud.”

However, this local industry concern appears to be having little impact on the growing incidence of this ‘China import service fee (CISF)’, which surfaces with clockwork regularity in correspondence forwarded to FTW.

Aerotropolis dream

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station in Africa and Gillooly’s interchange was one of the busiest on the continent. “If we don’t take advantage of two major assets already in existence: the OR Tambo International Airport and the manufacturing sector that has earned the city the reputation as the continent’s ‘workshop’, then we will have robbed our people of an opportunity to realise a better life,” Gungubele said.

Infrastructure stymies East Africa potential

BY **Liesl Venter**

The East African oil and gas industry is on the rise, which is good news for breakbulk and project cargo operators on the continent, according to Pascal Ochquee, Halliburton’s regional logistics manager for Europe and sub-Saharan Africa.

“There has been rapid development in East Africa where the oil and gas sector has taken off. And it is growth that is expected to continue, with estimates of between 20 and 30 new operators entering the market in the next three years,” he said at the Breakbulk Africa conference in Cape Town recently. “That bodes well for the breakbulk and project cargo sector as there are always new rigs and equipment coming in.”

Ochquee said the rapidly growing economies in the region – showing growth figures between 7.5% and 10% from now to 2016 – had stimulated interest in East Africa and while much of what was happening was very new and untested, private companies and governments were learning the ropes together.

“Offshore East Africa is one of the most promising areas for new discoveries and while there is no denying there are challenges, one cannot help but be excited about the prospects in the region.”

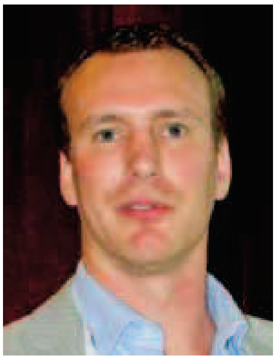
According to Dirk Matthysen, general manager for Spedag Interfreight Tanzania, the lack and inadequacy of infrastructure is probably the biggest stumbling block at present.

“At the same time the capacity of the existing infrastructure is very low and the lack of regional integration slows the movement of cargo tremendously. While the oil and gas activities in the various countries are on the increase, it is imperative to find some real solutions to the challenges because, at present, trying to move a rig around is nothing but a massive headache because of the lack of knowledge of authorities, the lack of integration and the lack of infrastructure.”

This is one of the reasons why companies are starting to look at investing in infrastructure themselves.

“Addressing infrastructure is high on the priority list of companies operating in East Africa,” said Pamela Yerushalmy, commercial executive Fairseas International. “It continues to impact on the costs, with delays arising from berth congestion and the lack of port infrastructure, especially quayside equipment, which makes it very costly as vessel turnaround times are slow. Various steps are being taken by private role-players to bring in their own equipment.”

Recently Bolloré Africa Logistics Mozambique, in partnership with the Mozambican public corporation CFM, inaugurated the country’s first oil port in the city of Pemba.



Pascal Ochquee ... ‘The industry needs infrastructure now.’

Pamela Yerushalmy ... ‘Infrastructure is a top priority.’

Poll position

- as voted by readers of FTW Online

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Is South Africa’s R900m loan to Zimbabwe a prudent move for South Africa?